

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

|                                    |   |                      |
|------------------------------------|---|----------------------|
| In the Matter of                   | ) |                      |
|                                    | ) |                      |
| Material to be Filed in Support of | ) | WC Docket No. 21-148 |
| 2021 Annual Access Tariff Filings  | ) |                      |

**ORDER**

**Adopted: May 14, 2021**

**Released: May 14, 2021**

By the Chief, Pricing Policy Division, Wireline Competition Bureau:

**I. INTRODUCTION**

1. In this Order, we set forth the Tariff Review Plans (TRPs) to be used by incumbent local exchange carriers (LECs) to substantiate their interstate access service tariff revisions filed in 2021.<sup>1</sup> We also waive sections 69.3(a), 51.907(i)(2)(i)-(ii) and 51.909(m)(2)(i)-(ii) of the Commission's rules to the extent necessary to implement non-rate-level reforms associated with various Commission orders.<sup>2</sup>

2. The 2021 TRPs implement the transitional rate changes and recovery rules adopted in the *USF/ICC Transformation Order* and the *8YY Access Charge Reform Order*.<sup>3</sup> The 2021 TRPs for rate-of-return incumbent LECs also implement the universal service reforms and related tariffing requirements adopted in the *Rate-of-Return Reform Order* and the *Rate-of-Return BDS Order*.<sup>4</sup> Completed versions of the 2021 TRPs appended to this document will provide the supporting documentation to fulfill, in part, the requirements contained in sections 51.700 through 51.715, 51.901 through 51.919, 61.38, 61.39, 61.41 through 61.50, and 69.3 of the Commission's rules.<sup>5</sup> The 2021 TRPs display support data in a consistent manner, thereby facilitating review of the incumbent LECs' rate revisions by the Commission and interested parties.

<sup>1</sup> TRP formats for the annual filings are developed for the specific circumstances of the tariff year in which the revised rates will become effective. The filing date and comment periods for this year's annual access charge filings were released earlier in a separate order. *July 1, 2021 Annual Access Charge Tariff Filings*, WC Docket No. 21-148, Order, DA 21-433 (WCB Apr. 16, 2021). We refer to the TRPs developed for this year's annual filings as the 2021 TRPs.

<sup>2</sup> 47 CFR §§ 69.3(a), 51.907(i)(2)(i)-(ii), 51.909(m)(2)(i)-(ii).

<sup>3</sup> *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17934-35, para. 801 (2011) (*USF/ICC Transformation Order*), *pets. for review denied sub nom. In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014) (stating that although many of the switched access rate elements are subject to the transition adopted, other rates were not being specifically reduced at that time); *8YY Access Charge Reform*, WC Docket No. 18-156, Report and Order, 35 FCC Rcd 11594, FCC 20-143, at 10, para. 25 (Oct. 9, 2020) (*8YY Access Charge Reform Order*); 85 Fed. Reg. 75894 (Nov. 27, 2020).

<sup>4</sup> *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3089 (2016) (*Rate-of-Return Reform Order*); *Regulation of Business Data Services for Rate-of-Return Local Exchange Carriers et al.*, WC Docket No. 17-144 et al., Report and Order, Further Notice of Proposed Rulemaking, and Second Further Notice of Proposed Rulemaking, 33 FCC Rcd 10403 (2018) (*Rate-of-Return BDS Order*).

<sup>5</sup> 47 CFR §§ 51.700-51.715, 51.901-51.919, 61.38-61.39, 61.41-61.50, 69.3.

## II. BACKGROUND

3. In the *USF/ICC Transformation Order*, the Commission adopted a number of rules requiring incumbent LECs to adjust, over a period of years, many of their switched access charges effective on July 1 of each of those years, with the ultimate goal of transitioning to a bill-and-keep regime.<sup>6</sup> That rate transition has been completed.<sup>7</sup> The Commission also adopted a recovery mechanism to mitigate the impact of reduced intercarrier compensation revenues on carriers and to facilitate continued investment in broadband infrastructure.<sup>8</sup> As part of the recovery mechanism, the Commission defined as “Eligible Recovery” the amount of intercarrier compensation revenue reductions that incumbent LECs would be eligible to recover through a combination of an end-user, Access Recovery Charge (ARC),<sup>9</sup> and, where eligible and if an incumbent LEC elects to receive it, Connect America Fund Intercarrier Compensation (CAF ICC) support.<sup>10</sup> An incumbent LEC’s Eligible Recovery is based on a decreasing percentage of the cumulative reduction in revenue each year resulting from the intercarrier compensation reform transition.<sup>11</sup>

4. In the *Rate-of-Return Reform Order*, the Commission modified the rules governing the provision of high-cost universal service support to rate-of-return incumbent LECs.<sup>12</sup> The Commission allowed rate-of-return incumbent LECs the option of electing model-based support for a term of 10 years in exchange for meeting defined build-out obligations.<sup>13</sup> For rate-of-return incumbent LECs not electing model-based support, the Commission modernized the existing interstate common line support rules to provide support in situations where the customer no longer subscribes to traditional regulated local exchange voice service, i.e., subscribes to stand-alone broadband.<sup>14</sup> This revised form of support is known as Connect America Fund Broadband Loop Support (CAF BLS). As part of its implementation of the *Rate-of-Return Reform Order*, the Commission revised certain cost allocation and tariffing rules for rate-of-return incumbent LECs to introduce supported Consumer Broadband-only Loop (CBOL) services.<sup>15</sup>

5. With respect to pricing considerations, the Commission required rate-of-return incumbent LECs offering supported stand-alone broadband loops to move costs for these loops from the special access service category to a new CBOL service category.<sup>16</sup> Beginning with the 2018 annual access tariff

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<sup>6</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801.

<sup>7</sup> Price cap incumbent LECs were required to transition certain tariffed switched access rates effective July 1 on each of those years to bill-and-keep (\$0) over a six-year period that ended in 2018. Rate-of-return incumbent LECs were required to transition certain tariffed switched access rates effective July 1 on each of those years to bill-and-keep (\$0) over a nine-year period that ended in 2020. See *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-96, para. 801, fig. 9; 47 CFR §§ 51.907(h), 51.909(j).

<sup>8</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17677, para. 36.

<sup>9</sup> *Id.* at 17958, para. 852.

<sup>10</sup> *Id.* at 17957, para. 850. Beginning July 1, 2019, price cap incumbent LECs are no longer eligible to receive CAF ICC support. 47 CFR § 51.915(f)(5).

<sup>11</sup> *Id.* at 17957-58, paras. 850-51.

<sup>12</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3089, para. 1.

<sup>13</sup> *Id.* at 3094-117, paras. 17-79.

<sup>14</sup> *Id.* at 3117-57, paras. 80-187.

<sup>15</sup> *Id.* at 3157-62, paras. 188-204.

<sup>16</sup> *Id.* at 3158-59, paras. 190-91.

filing, the amount to be moved is to be determined consistent with the Part 36 and Part 69 cost allocation rules.<sup>17</sup>

6. The Commission also adopted rules governing the tariffing of CBOL rates, including a \$42 per-loop, per-month rate cap for rate-of-return incumbent LECs electing model-based or Alaska Plan support and a rate methodology for rate-of-return incumbent LECs receiving CAF BLS.<sup>18</sup> For rate-of-return incumbent LECs electing model-based support, the Commission determined that such carriers would not be eligible to participate in the National Exchange Carrier Association (NECA) common line pooling mechanism but could elect to have NECA tariff their common line rates.<sup>19</sup> The Commission further required rate-of-return incumbent LECs to impute an amount equal to the ARC they assess on voice/broadband lines to their supported CBOL service.<sup>20</sup> Beginning with the 2018 annual access tariff filing, the ARC imputation rule was revised for a five-year period to require rate-of-return incumbent LECs to limit the imputed amount so that total ARC revenues and imputation for the current tariff period do not exceed a pre-*Rate-of-Return Reform Order* baseline as a result of CBOL imputation.<sup>21</sup> Rate-of-return incumbent LECs' filings must also true-up the imputation made two years prior to the most recent annual filing.<sup>22</sup>

7. In the *Rate-of-Return Reform Order*, the Commission also represeted the authorized rate of return from 11.25% to 9.75%.<sup>23</sup> The rate of return is a key input in a rate-of-return incumbent LEC's revenue requirement calculation, which is the basis for its common line and special access rates, and for any high-cost support it receives. Beginning July 1, 2016, the 11.25% rate of return is reduced by 25 basis points annually until it reaches 9.75%.<sup>24</sup> Effective July 1, 2021, the authorized rate of return will be 9.75%, ending the represetation transition.<sup>25</sup>

8. In the *Rate-of-Return BDS Order*, the Commission adopted rules allowing rate-of-return incumbent LECs receiving model-based or other forms of fixed high-cost universal service support to elect incentive regulation for their lower-capacity (DS3 or lower) time division multiplexing (TDM)-based transport and end-user channel termination business data services (BDS) offerings, effective either July 1, 2019 or July 1, 2020.<sup>26</sup>

9. In the *8YY Access Charge Reform Order*, the Commission adopted rules requiring price cap and rate-of-return incumbent LECs to transition their interstate and intrastate toll free (or 8YY) originating end office access service rates to bill-and-keep over a three-year period.<sup>27</sup> As an initial step, rate-of-return incumbent LECs capped all intrastate originating access service rates for toll free calls,

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<sup>17</sup> See *Connect America Fund et al.*, WC Docket No. 10-90 et al, Second Order on Reconsideration and Clarification, 33 FCC Rcd 2399, 2402-03, paras. 10-13 (2018) (*Rate-of-Return Reform Reconsideration Order*); 47 CFR §§ 69.311(b), 69.416.

<sup>18</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3459-60, paras. 194, 197-98; 47 CFR §§ 69.132(c)-(d).

<sup>19</sup> *Id.* at 3160, paras. 195-96.

<sup>20</sup> *Id.* at 3161-62, para. 203.

<sup>21</sup> *Rate-of-Return Reform Reconsideration Order*, 33 FCC Rcd at 2404, paras. 16-17.

<sup>22</sup> *Id.* at 2404, paras. 16-17; see 47 CFR § 51.917(f).

<sup>23</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3093, 3171-3212, paras. 10, 226-326.

<sup>24</sup> *Id.* at 3212, para. 326.

<sup>25</sup> *Id.*

<sup>26</sup> *Rate-of-Return BDS Order*, 33 FCC Rcd at 10454-57, para. 3; see *Business Data Services in an Internet Protocol Environment et al.*, WC Docket No. 16-143, et al., Report and Order, 32 FCC Rcd 3459 (2017) (*Price Cap BDS Order*), remanded in part sub nom. *Citizens Telecomms. Co. of Minn., LLC v. FCC*, 901 F.3d 991 (8th Cir. 2018).

<sup>27</sup> 47 CFR §§ 51.907(i)-(k), 51.909(l)-(o); *8YY Access Charge Reform Order* at 10, para. 25. The bill-and-keep methodology is defined in 47 CFR § 51.713.

including toll free database query charges, as of December 28, 2020.<sup>28</sup> Beginning July 1, 2021, price cap and rate-of-return incumbent LECs are required to tariff separate rate elements for toll free and non-toll free interstate and intrastate originating end office access service.<sup>29</sup> These incumbent LECs then must reduce their intrastate toll free originating end office access service rates to interstate levels when intrastate rates exceed comparable interstate rates.<sup>30</sup> All incumbent LECs are required to tariff rate elements for interstate and intrastate non-toll free originating transport service between an end office and tandem switch and remove these rate elements from their tariffs for toll free originating traffic, consistent with a bill-and-keep methodology.<sup>31</sup> Further, all incumbent LECs are required to tariff a single rate element of no more than \$0.001 per minute for joint tandem switched transport access service for toll free calls.<sup>32</sup> Finally, incumbent LECs are required to reduce the intrastate and interstate toll free database query charges in their tariffs to no more than \$0.004248 per query.<sup>33</sup> Incumbent LECs charging database query charges lower than this rate, however, may not increase their rates.<sup>34</sup>

### III. IMPLEMENTATION OF THE COMMISSION'S ORDERS

#### A. Annual Tariff Filing Rate-Level Limitation

10. Section 69.3(a) of the Commission's rules limits the annual access charge tariff filing to rate-level changes.<sup>35</sup> We find good cause to waive this limitation in order to facilitate implementation of non-rate-level reforms associated with the *USF/ICC Transformation Order*, *Rate-of-Return Reform Order*, *Rate-of-Return BDS Order*, and *8YY Access Charge Reform Order*. This waiver is consistent with actions we have taken in prior annual access tariff filing periods.<sup>36</sup>

#### B. Toll Free 8YY Revenue Calculation Requirements

11. In the *8YY Access Charge Reform Order*, the Commission required price cap and rate-of-return incumbent LECs to establish separate rate elements for interstate and intrastate toll free and non-toll free originating end office access service as part of a transition to take 8YY end office rates to bill-and-keep.<sup>37</sup> Carriers must calculate total revenue from originating end office access service separately based on intrastate and interstate rates and using intrastate switched access demand for each non-usage based rate element for the 12-month period ending June 30, 2020.<sup>38</sup> If, based on these calculations, the

<sup>28</sup> 47 CFR § 51.909(l). Price cap incumbent LEC's interstate and intrastate originating access service were capped beginning in 2011. *USF/ICC Transformation Order*, 26 FCC Rcd at 17942, para. 818.

<sup>29</sup> 47 CFR §§ 51.907(i)(1), 51.909(m)(1).

<sup>30</sup> *Id.* §§ 51.907(i), 51.909(m); *8YY Access Charge Reform Order* at 12-13, 22, paras. 28, 49.

<sup>31</sup> 47 CFR §§ 51.907(i)(3), 51.909(m)(3); *see id.* § 51.713 (defining bill-and-keep arrangements).

<sup>32</sup> *Id.* §§ 51.907(i)(5), 51.909(m)(5).

<sup>33</sup> *Id.* §§ 51.907(i)(6), 51.909(m)(6).

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* § 69.3(a).

<sup>36</sup> *See, e.g., Material to be Filed in Support of 2020 Annual Access Tariff Filings*, WC Docket No. 20-55, Order, 35 FCC Rcd 4802, 4807, para. 16 (WCB 2020) (*2020 TRP Order*); *see also* 47 CFR § 1.3 ("Any provision of the rules may be waived by the Commission on its own motion or on petition if good cause therefore is shown."); *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1969) (*Northeast Cellular*) (citing *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969) (*WAIT Radio*)) (explaining that waivers must show special circumstances warranting a deviation from the general rule, and show such a deviation will serve the public interest).

<sup>37</sup> 47 CFR §§ 51.907(i)(1), 51.909(m)(1); *8YY Access Charge Reform Order* at 12-13, para. 28.

<sup>38</sup> 47 CFR §§ 51.907(i)(2)(i)-(ii), 51.909(m)(2)(i)-(ii).

intrastate revenues exceed the interstate revenues, the intrastate rates must be reduced to the level of the interstate rates.<sup>39</sup>

12. Because incumbent LECs are not required to tariff separate rate elements for toll free and non-toll free traffic prior to July 1, 2021, incumbent LECs may not have tracked intrastate toll free and non-toll free demand separately in the normal course of business for the 12-month period ending June 30, 2020.<sup>40</sup> Without the requisite intrastate toll free demand data, incumbent LECs cannot perform the calculations required under our rules to determine whether they must reduce their intrastate toll free rates to interstate levels.

13. Accordingly, on our own motion, we grant price cap and rate-of-return incumbent LECs that did not separately track toll free and non-toll free intrastate switched access demand for the 12-month period ending June 30, 2020 a limited waiver of our rules to permit them to make the required comparison between interstate and intrastate revenue from end office access service using total demand from both toll free and non-toll free services. If total intrastate revenues from end office access service exceed total revenues from interstate end office access service revenues, then the incumbent LEC must lower its rates for intrastate toll free end office access services to the level of its interstate rates for such service. We find that, absent waiver, strict compliance with the revenue calculations required by the rules would impose unnecessary administrative burdens on incumbent LECs that did not separately track toll free and non-toll free demand. We therefore conclude that special circumstances warrant a deviation from sections 51.907(i)(2)(i)-(ii) and 51.909(m)(2)(i)-(ii) of the Commission's rules for the limited purpose discussed herein for the 2021-22 annual access charge tariff filing period and a waiver will serve the public interest.<sup>41</sup> Incumbent LECs that maintained separate records for intrastate toll free originating end office switched access demand must calculate total revenue from end office access service based on the toll free demand for the 12-month period ending June 30, 2020.

### C. Tariff Review Plan Content for Rate-of-Return Incumbent LECs

14. Prior to July 1, 2016, rate-of-return incumbent LECs using projected cost and demand data pursuant to section 61.38 filed access tariff revisions only in even-numbered years and carriers using historical cost and demand data pursuant to section 61.39 filed only in odd-numbered years.<sup>42</sup> Beginning July 1, 2016, however, all rate-of-return incumbent LECs have been required to file access service tariff revisions each year in order to implement the required annual reductions to the authorized rate of return.<sup>43</sup> In addition, pursuant to the *USF/ICC Transformation Order*, all rate-of-return incumbent LECs must file a TRP this year to comply with the requirements of sections 51.909(i), 51.917(d)(iv), and 51.917(e) of the Commission's rules.<sup>44</sup> Finally, pursuant to the *8YY Access Charge Reform Order*, rate-of-return incumbent LECs must file a TRP this year to comply with the requirements of section 51.909(m) of the Commission's rules.<sup>45</sup>

<sup>39</sup> 47 CFR §§ 51.907(i)(2)(iv), 51.909(m)(2)(iv).

<sup>40</sup> 47 CFR §§ 51.907(i)(2)(i)-(ii), 51.909(m)(2)(i)-(ii).

<sup>41</sup> See 47 CFR §§ 51.907(i)(2)(i)-(ii), 51.909(m)(2)(i)-(ii). Generally, the Commission's rules may be waived for good cause shown. 47 CFR § 1.3. The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest. *Northeast Cellular*, 897 F.2d at 1166. The Commission may also take into account considerations of hardship, equity, or more effective implementation of overall policy on an overall or individual basis. *WAIT Radio*, 418 F.2d at 1159; *Northeast Cellular*, 897 F.2d at 1166. Waiver of the Commission's rules is therefore appropriate only if special circumstances warrant a deviation from the general rule, and such deviation will serve the public interest. *Northeast Cellular*, 897 F.2d at 1166.

<sup>42</sup> 47 CFR §§ 61.38-61.39, 69.3(f)(1), (2).

<sup>43</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3212, para. 326.

<sup>44</sup> 47 CFR §§ 51.909(i), 51.917(d)(iv), (e).

<sup>45</sup> 47 CFR § 51.909(m).

15. Rate-of-return incumbent LECs that provide CBOL service and receive CAF BLS are required to revise their CBOL rates to reflect the level of CAF BLS they expect to receive this coming tariff year.<sup>46</sup> Rate-of-return incumbent LECs subject to section 61.39 of the Commission's rules must base rate-of-return regulated rates for the coming tariff year on new cost studies.<sup>47</sup> Rate-of-return incumbent LECs subject to section 61.38 may either submit new cost studies to develop rates for services subject to rate-of-return regulation or adjust last year's studies to reflect this coming year's prescribed rate of return.<sup>48</sup>

16. We remind rate-of-return incumbent LECs that offer CBOL service that they are responsible for ensuring that all relevant carrier data is reflected in TRPs filed with the Commission, whether CBOLs are provided on a tariffed or detariffed basis. Thus, for a carrier receiving CAF BLS that is tariffing a CBOL rate, the filing entity—whether the carrier, NECA, or cost consultant—must include in the 2021 TRP the data necessary to determine the maximum permitted CBOL rate.<sup>49</sup> Similarly, the entity filing special access rates for a rate-of-return incumbent LEC—whether the carrier, NECA, or a cost consultant—must include in the 2021 TRP the special access costs reallocated to the CBOL category and the special access costs, net of that reallocation, i.e., the revenue requirement on which special access rates are based. A carrier that has detariffed its CBOL rates shall provide the required information related to those rates in the relevant portion of the TRP.

17. In the *Rate-of-Return Reform Order*, the Commission required rate-of-return incumbent LECs to impute to their supported CBOL lines an amount equal to the ARC they assess on voice/broadband lines.<sup>50</sup> This ARC imputation applies to all supported lines, and is calculated separately for each type of broadband-only customer group (i.e., residential, single-line business, or multi-line business).<sup>51</sup> Rate-of-return incumbent LECs' calculation of CAF ICC support must reflect the limit on imputed ARC revenues from CBOL lines and their calculation of eligible recovery must reflect the true-up of the imputation made two years ago.<sup>52</sup>

#### IV. PRICE CAP TARIFF REVIEW PLAN

18. In the *LEC Price Cap Order*, the Commission adopted price cap regulation for certain incumbent LECs, effective January 1, 1991.<sup>53</sup> Price cap incumbent LECs file tariffs each year. All price cap incumbent LECs should use the forms contained in the Appendix and file price cap annual access 2021 TRPs, as outlined below.

##### A. Price Cap TRP Spreadsheets and Workpapers

19. We adopt several changes for the 2021 price cap annual access TRP. The spreadsheets and workpapers discussed below are contained in the Appendix.

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<sup>46</sup> *Rate-of-Return Reform Reconsideration Order*, 33 FCC Rcd at 2403, para. 13.

<sup>47</sup> *Id.* at 2402-03, paras. 9-13.

<sup>48</sup> *Id.*

<sup>49</sup> 47 CFR § 69.132(c) (“[T]he single-line rate or charge shall be computed by dividing one-twelfth of the projected annual revenue requirement for the Consumer Broadband-Only Loop category (net of the projected annual Connect America Fund Broadband Loop Support attributable to consumer broadband-only loops) by the projected average number of consumer broadband-only service lines in use during such annual period.”).

<sup>50</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3161-62, para. 203.

<sup>51</sup> 47 CFR § 51.915(f)(4); *see Rate-of-Return Reform Order*, 31 FCC Rcd at 3161-62, para. 203.

<sup>52</sup> *Rate-of-Return Reform Reconsideration Order*, 33 FCC Rcd at 2404, paras. 16-17; *see* 47 CFR § 51.917(f).

<sup>53</sup> *Policy and Rules Concerning Rates for Dominant Carriers*, Second Report and Order, 5 FCC Rcd 6786 (1990) (*LEC Price Cap Order*), *aff'd sub nom. National Rural Telecom Ass'n v. FCC*, 988 F.2d 174 (D.C. Cir. 1993).

### **1. ARC Spreadsheets**

20. The ARC spreadsheets consist of three individual spreadsheets that demonstrate the calculations necessary to determine an ARC rate. These spreadsheets were created to comply with sections 51.915(e) and (f) of the Commission's rules, and include the 2021 Rate Ceiling, 2021 Tariff Rate Comparison, and 2021 True Up spreadsheets.<sup>54</sup>

### **2. Eligible Recovery Spreadsheet**

21. The 2021 Eligible Recovery spreadsheet calculates the amount of Eligible Recovery a price cap incumbent LEC is entitled to receive pursuant to section 51.915(d) of the Commission's rules.<sup>55</sup> This year, the Eligible Recovery spreadsheet has been modified to change formulas in compliance with section 51.915(d)(viii) of the Commission's rules.<sup>56</sup>

### **3. ICC Summary Spreadsheet**

22. The 2021 Price Cap Summary spreadsheet provides a summary of data contained in the ARC spreadsheets (2021 Rate Ceiling, 2021 Tariff Rate Comparison, and 2021 True Up spreadsheets) and 2021 Eligible Recovery spreadsheet.

### **4. IND1 Spreadsheet**

23. The IND1 spreadsheet displays price cap indices (PCIs), actual price indices (APIs), service band indices (SBIs), and upper SBI limits. There are no changes to this spreadsheet. For the special access basket, to assist in verifying the historical indices reported in IND1, price cap incumbent LECs must continue to file workpapers that identify transmittals in which the current index levels became effective.

### **5. CAP Spreadsheets**

24. Price cap incumbent LECs develop the End User Common Line (EUCL) Charge, the Presubscribed Interexchange Carrier Charge (PICC) and Carrier Common Line (CCL) rates, which are the rates that recover common line, marketing and transport interconnection (CMT) revenue, on CAP-1, CAP-2, CAP-3, CAP-4, and CAP-5.

25. Price cap incumbent LECs that price certain common line rate elements separately by jurisdiction within a study area are required to develop such individual rates, instead of a roll up or average rate, on the CAP-1J form.

### **6. PCI1 Spreadsheet**

26. The PCI1 spreadsheet displays the calculation of the proposed PCIs for the price cap baskets and includes the following data: (1) the Gross Domestic Product Price Index (GDP-PI) measuring inflation; (2) the productivity offset (X-Factor);<sup>57</sup> (3) the exogenous cost change (Z); (4) the base-year (calendar-year 2020) revenue (R) for each basket; (5) the weighting factor (w) used in computing the PCIs; and (6) the immediately preceding PCIs. There are no revisions to this spreadsheet.

### **7. SUM1 Spreadsheet**

27. This is a summary spreadsheet displaying the revenues in baskets and categories. It displays the base-year demand multiplied by: (1) rates at last PCI update; (2) current rates; and (3) proposed rates. SUM1 calculates the difference in revenues using base-year demand, under current

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<sup>54</sup> 47 CFR § 51.915(e)-(f).

<sup>55</sup> *Id.* § 51.915(d).

<sup>56</sup> *Id.* § 51.915(d)(viii).

<sup>57</sup> The X-Factor is set pursuant to section 61.45 of the Commission's rules. 47 CFR § 61.45.

and proposed rates. It also displays “R,” the revenue variable in the PCI formula that equals base period demand multiplied by rates at last PCI update. There are no revisions to the SUM1 spreadsheet.

## 8. EXG Spreadsheets

28. The EXG1 spreadsheet displays the exogenous cost changes to the PCIs attributable to any: (1) sale of exchanges; (2) FCC regulatory fees; (3) excess deferred taxes; (4) amortization of investment tax credits; (5) low end adjustment calculations; (6) fees associated with Telecommunications Relay Service (TRS); (7) changes in the allocation of costs between regulated and unregulated activities; (8) North American Numbering Plan Administration (NANPA) expenses; (9) removal of thousand block number pooling; or (10) other exogenous cost changes the price cap incumbent LECs may file. There are no revisions to the EXG1 spreadsheet. The EXG2 spreadsheet displays the net exogenous shifts related to bands and zones. There are no revisions to the EXG2 spreadsheet.

29. Price cap incumbent LECs shall reflect an exogenous cost adjustment for TRS in a mid-September filing to incorporate the final contribution factor for tariff year 2021-22 in rates to become effective October 1, as this factor was not available by May 1. That exogenous cost adjustment for TRS shall be “grossed up” to spread the entire adjustment over the remaining months in the tariff year. The exogenous cost adjustments for regulatory and NANPA fees also shall be reflected in rates that take effect October 1, as these fees are obligations covering a fiscal year that begins October 1. The exogenous cost adjustment for TRS for tariff year 2020-2021 had to be grossed up and reflected in rates effective October 1, 2020, because the final contribution factor was not available by May 1, 2020. Price cap incumbent LECs therefore must make an exogenous cost adjustment in this year’s annual filing to remove the effect of that gross up from existing rates. Otherwise, price cap incumbent LECs will over-recover their TRS exogenous costs beginning July 1, 2021. Carriers that made an exogenous cost adjustment for TRS to the special access basket PCI and SBI upper limits or to the CMT-revenue-per-line constraint in their mid-September 2020 TRPs must remove the effect of the gross-up from these parameters, regardless of whether they changed their rates on October 1 or subsequently. Finally, price cap incumbent LECs have the option of not making an October 1 exogenous cost filing and rate adjustment if the total amount of such adjustments would either increase rates or meet a *de minimus* threshold of \$960.00, which is the current tariff filing fee, applied on the same basis as the tariff filing for which the filing fee is paid.<sup>58</sup>

## 9. RTE1 Spreadsheets

30. These spreadsheets display information used to compute the APIs, SBIs, and upper SBI. They display base year 2020 demand, rates at last PCI update, current rates, proposed rates, and three different revenue figures computed by multiplying the 2020 demand by rates at last PCI update, current rates, and proposed rates, respectively. The RTE1 spreadsheets enable the Commission to verify the accuracy of “R,” the revenue variable in the PCI formula that equals base period demand multiplied by rates at last PCI update. Demand and price data are reported in the aggregate under the primary rate elements of each category. The level of aggregation in the RTE1 spreadsheets allows rapid, consistent verification of index calculations across all companies. There are no revisions to these spreadsheets.

## 10. Rate Detail Spreadsheet

31. In their previous annual filings, each price cap incumbent LEC provided a spreadsheet that gave complete rate element detail, i.e., demand, rates at last PCI update, existing rates, and proposed rates for each rate element subject to price caps, and revenues at each of these rates. Price cap incumbent

<sup>58</sup> 47 CFR § 1.1105. The applicable tariff filing fee is subject to change, based on implementation of the Commission’s order related to such fees. If the applicable tariff filing fee changes, the *de minimus* threshold will also change to equal the amount of the revised applicable tariff filing fee. See *Amendment of the Schedule of Application Fees Set Forth in Sections 1.1102 through 1.1109 of the Commission’s Rules*, MD Docket No. 20-270, Report and Order, 35 FCC Rcd 15089, 15178, Appx. B (2020) (*FY 2021 Application Fees Order*); *Office of Managing Director Announces Effective Date of FY 2021 Application Fees Order*, Public Notice, DA 21-442 (OMD Apr. 19, 2021) (*FY 2021 Application Fees Public Notice*).

LECs should again file this spreadsheet with their 2021 annual access tariff filing. We leave unspecified the exact format of the rate detail spreadsheet because each price cap incumbent LEC has a different number of rate elements. For each rate element, however, price cap incumbent LECs should display the rate element name, jurisdiction, base period demand, rates at last PCI update, current rates, and proposed rates, and revenues at each of these rates based on base period demand. Price cap incumbent LECs also may include a rate-identifying code. The revenue amounts for baskets and categories should be totaled to assist in verifying the agreement between this form and the revenue amounts in RTE1. The variation in the number of rate elements among price cap incumbent LECs prevents us from specifying the row numbers, but each row of this spreadsheet should correspond to only one rate element. The rows should reflect the basket and service category sequence used in RTE1. There are no revisions to this spreadsheet.

### **11. Services Excluded from Price Caps**

32. For the 2021 filing, we require price cap incumbent LECs to provide a list of services that are tariffed but excluded from price caps. The list should identify the tariff section containing each service. Rate element details must be provided for the following categories: Special Construction/Individual Case Basis; End User Charges (e.g., USF charges, LNP); Government Services (e.g., FTS); Miscellaneous/Other (e.g., engineering services); and services that were in price caps but have been removed (e.g., interexchange services). Price cap incumbent LECs do not have to include in this list services not subject to price cap regulation pursuant to the *USF/ICC Transformation Order* or *Price Cap BDS Order*.<sup>59</sup> For the remaining services included in the list, price cap incumbent LECs must identify the service, indicate whether the rate is recurring or non-recurring, and the authority relied on to remove the service, where applicable. Price cap incumbent LECs must also clearly state in their cover letter where this information can be found in their TRP.

#### **B. Miscellaneous**

33. In addition to the above specifications, price cap incumbent LECs must include with their support materials a list of all currently applicable Part 69 waivers. The list should include the following information: (1) a citation to the Commission or Bureau order granting the waiver; (2) a brief description of the waiver, including whether any new rate elements were authorized; and (3) the basket and, if applicable, service category of each rate element affected by the waiver.

## **V. RATE-OF-RETURN TARIFF REVIEW PLAN**

### **A. Modifications to the Rate-of-Return TRP**

34. In the 2021 rate-of-return TRP, we adopt certain modifications to the 2020 rate-of-return TRP to continue to implement the *USF/ICC Transformation Order*, the *Rate-of-Return Reform Order*, *Rate-of-Return BDS Order*, and the *8YY Access Charge Reform Order*. These modifications are reflected in the workbooks referenced below. In addition, we attach a TRP for rate-of-return incumbent LECs subject to incentive regulation for certain BDS offerings. These TRPs are contained in the Appendix.

35. For special access, common line, and CBOL services for section 61.38 carriers that elect to complete new cost studies, there are two versions of the workbooks related to rate-of-return regulation base period revenue.<sup>60</sup> The “2021 Annual Filing RoR CAF-BLS” and “2021 Annual Filing RoR ACAM” workbooks apply to section 61.38 carriers that receive CAF-BLS and Alternative Connect America Cost Model (ACAM)- or Alaska Plan-based support, respectively.<sup>61</sup>

<sup>59</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd 17663; *Price Cap BDS Order*, 32 FCC Rcd 3459.

<sup>60</sup> See 47 CFR § 61.39.

<sup>61</sup> See generally *Rate-of-Return Reform Order*, 31 FCC Rcd at 3094-3117, paras. 17-79 (adopting a voluntary path for rate-of-return incumbent LECs to elect model-based support for a term of 10 years in exchange for meeting defined build-out obligations); *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 10139 (2016) (providing a one-time opportunity for Alaskan rate-of-return incumbent

36. Section 61.38 carriers that do not elect to complete new cost studies for services subject to rate-of-return regulation should submit the “2021 61.38 ILEC RR @ 9.75%” workbook.<sup>62</sup> Inputs to this workbook include this year’s expected CAF-BLS support, the projected revenue requirements for common line, special access, and CBOL rate categories from the 2020 tariff-year filing, adjusted to reflect this year’s prescribed rate of return of 9.75%, and projected rate level demand from that year’s filing. This workbook compares expected common line and special access revenues, based on proposed tariff-year 2021-22 rates and tariff-year 2020-2021 projected demand, plus expected support in the case of common line, to the adjusted revenue requirements for these categories, to demonstrate compliance. This workbook also calculates the maximum permitted CBOL rate for section 61.38 carriers that receive CAF-BLS. Section 61.38 carriers that receive CAF-BLS support should submit the required information for the common line, special access, and CBOL rate categories, while section 61.38 carriers that receive model-based or Alaska Plan support should submit this information only for special access.<sup>63</sup>

37. For special access and CBOL services, section 61.39 carriers that receive CBOL support should submit the “2021 61.39 ILEC Special Access Reallocation” workbook.<sup>64</sup> This workbook requires data and uses formulas to calculate the required cost reallocation from special access to the CBOL category. It also calculates the maximum permitted CBOL rate for 61.39 carriers that receive CAF BLS.

38. For switched access services, rate-of-return incumbent LECs regulated pursuant to sections 61.38 and 61.39 of the Commission’s rules should complete the ARC-related workbooks:<sup>65</sup> (i) the “2021 Rate Ceiling CAF RoR ILEC” or the “2021 Rate Ceiling No CAF RoR ILEC,” and (ii) the “2021 Tariff Rate Comp CAF RoR ILEC” or the “2021 Tariff Rate Comp No CAF RoR ILEC” workbooks. These carriers also should complete the “2021 True Up RoR ILEC” and “2021 RoR ILEC ICC Data” workbooks.<sup>66</sup> The “2021 RoR ILEC ICC Data” workbook contains worksheets for carriers to determine their intrastate, interstate, and reciprocal compensation rates and Eligible Recovery, pursuant to sections 51.909(b)-(i), 51.705(c)(4) and 51.917(d) of the Commission’s rules.<sup>67</sup> These workbooks are modified to the extent necessary to implement the requirements of the *USF/ICC Transformation Order*.<sup>68</sup> The “2021 RoR ILEC ICC Data” workbook contains a new worksheet, “2021 8YY Intrastate Rates,” which implements the intrastate toll free (or 8YY) originating end office access service rate adjustment rules adopted in the *8YY Access Charge Reform Order*, as applicable.<sup>69</sup> Carriers must also summarize the data from these workbooks in the “2021 RoR ILEC Summary” workbook.

39. NECA prepared TRPs for rate-of-return incumbent LECs that elected incentive regulation for BDS services pursuant to the *Rate-of-Return BDS Order*. These TRPs are for rate-of-return incumbent LECs for which NECA files special access rates, and it or its equivalent should be used by carriers that file their own special access rates. The “TY 2021-2022 Individual Study Area BDS Annual TRP” and “TY 2021-2022 Holding Company BDS Annual TRP” workbooks are for carriers that establish PCIs, APIs, SBIs, and upper SBI limits at the study area and holding company levels, respectively, and

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LECs to elect to receive support frozen at adjusted 2011 levels for a 10-year term in exchange for meeting individualized performance obligations).

<sup>62</sup> See 47 CFR § 61.38.

<sup>63</sup> *Id.*

<sup>64</sup> See 47 CFR § 61.39.

<sup>65</sup> Carriers that calculate a weighted average business ARC rate rather than using separate single line business and multiline business ARC rates as part of the imputed ARC calculation must explain this methodology in detail and submit the data and the calculations used to determine this weighted average rate.

<sup>66</sup> See 47 CFR §§ 61.38, 61.39.

<sup>67</sup> See 47 CFR §§ 51.909(b)-(i), 51.705(c)(4), 51.917(d).

<sup>68</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801.

<sup>69</sup> See 47 CFR § 51.909(m).

have elected BDS incentive regulation. These workbooks calculate the price cap indices and exogenous cost adjustments pursuant to section 61.50, display the relevant rates and revenues, including the proposed rates for DS3 or lower TDM-based transport and end-user channel termination BDS services, other than end-user channel termination services in study areas deemed competitive, and demonstrate compliance of the proposed rates with section 61.50.<sup>70</sup>

40. In the *2020 TRP Order*, the Bureau instructed rate-of-return incumbent LECs electing BDS incentive regulation to reflect exogenous cost adjustments for TRS, NANPA, and regulatory fees in a mid-September filing in rates to become effective October 1, 2020. Any exogenous cost adjustment for TRS reflected in rates in effect October 1 had to be “grossed up” to spread the entire adjustment over the remaining months in the tariff year.<sup>71</sup> Absent an exogenous cost adjustment in this year’s annual filing will remove the effect of the gross-up reflected in the exogenous cost adjustment for TRS, these carriers will over-recover their TRS costs beginning July 1, 2021. Accordingly, any gross-up amount reflected in existing rates through the exogenous cost adjustment on October 1, 2020 must be removed in this year’s annual filing via an exogenous cost adjustment.<sup>72</sup> Carriers that made an exogenous cost adjustment for TRS to the special access basket PCI and SBI upper limits in their mid-September 2020 TRPs must remove the effect of the gross-up from these indices, regardless of whether they changed their rates on October 1 or subsequently. The exogenous cost adjustment to remove the effect of the gross-up is reflected in the TRPs contained in the Appendix.

41. Rate-of-return incumbent LECs electing incentive regulation for BDS shall reflect exogenous cost adjustments for TRS, NANPA, and regulatory fees in a mid-September filing in rates to become effective October 1. Any exogenous cost adjustment for TRS reflected in rates in effect October 1 shall be “grossed up” to spread the entire adjustment over the remaining months in the tariff year. Rate-of-return incumbent LECs electing BDS incentive regulation have the option of not making an October 1, 2021 exogenous cost filing and rate adjustment if the total amount of such adjustments would either increase rates or meet a *de minimus* threshold of \$960.00, which is the current tariff filing fee, applied on the same basis as the tariff filing for which the filing fee is paid.<sup>73</sup>

#### **B. General Guidelines Applicable to NECA**

42. We have not adopted a TRP for NECA for services other than BDS, although NECA should refer to the 2021 rate-of-return TRPs for guidance on the level of support materials to provide in its annual filing.

### **VI. GENERAL INSTRUCTIONS**

43. The following general instructions apply to all incumbent LECs. These instructions pertain to the TRP and other documentation filed in support of access charges. Carriers should submit their data and formulas in Excel rather than PDF files.

#### **A. Revised TRPs**

44. If an incumbent LEC files to revise its TRP after June 16, 2021, the TRP should be refiled in its entirety, rather than just the parts of the TRP that are changed. The latest TRP filed becomes the TRP of record. Other parts of the original filing, e.g., portions of the explanations, Description and Justification, and workpapers, may be omitted if unchanged by the revision.

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<sup>70</sup> 47 CFR § 61.50.

<sup>71</sup> *2020 TRP Order*, 35 FCC Rcd at 4812, paras. 38-40.

<sup>72</sup> *See id.*

<sup>73</sup> 47 CFR § 1.1105. The applicable tariff filing fee is subject to change, based on implementation of the Commission’s order related to such fees. If the applicable tariff filing fee changes, the *de minimus* threshold will also change to equal the amount of the revised tariff filing fee. *See FY 2021 Application Fees Order*, 35 FCC Rcd at 15178, Appx. B; *FY 2021 Application Fees Public Notice*.

**B. Certification**

45. The filing of inaccurate or incomplete data may seriously detract from the ability of the Commission and interested parties to evaluate the revised rates. All incumbent LECs must certify that their historical and forecast data are accurate by including a signed statement that the support data are true, correct, and complete to the best of the carrier's knowledge. This certification will apply to all data submitted in support of revised rates, including the data that are filed in the TRP. Moreover, incumbent LECs are required to make several additional certifications pursuant to the *USF/ICC Transformation Order*.<sup>74</sup> These certifications should be displayed as the last pages in each company's filing containing its TRP. Incumbent LECs are also under a continuing legal obligation to correct any inaccurate or incomplete data subsequently discovered in the TRP or other support data.

**C. Compliance with the Paperwork Reduction Act**

46. As is the case with each year's TRPs, the 2021 TRPs contained in this Order contain modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA).<sup>75</sup> The TRP collections were approved by the Office of Management and Budget (OMB) under the PRA.<sup>76</sup> In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002,<sup>77</sup> we previously sought specific comment on how the Commission might further reduce the information collection burden for small business concerns with fewer than 25 employees.

47. In this Order, we have assessed the effects on incumbent LECs of filing the TRP and have minimized the burden to the extent possible. We minimize the regulatory burden on the incumbent LECs by deleting obsolete sections of the TRP that have not proven to be useful and by not requiring carriers to file historical data that was filed in previous years.

**VII. ORDERING CLAUSES**

48. Accordingly, IT IS ORDERED that, pursuant to sections 1, 4(i) and (j), 5, and 201-209 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i)-(j), 155, 201-209, and sections 0.91 and 0.291 of the Commission's rules, 47 CFR §§ 0.91, 0.291, this Order IS ADOPTED.

49. IT IS FURTHER ORDERED that, pursuant to sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 CFR §§ 0.91, 0.291, 1.3, section 69.3(a) of the Commission's rules, 47 CFR § 69.3(a), IS WAIVED to the extent specified herein.

50. IT IS FURTHER ORDERED that, pursuant to sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 CFR §§ 0.91, 0.291, 1.3, sections 51.907(i)(2)(i)-(ii) and 51.909(m)(2)(i)-(ii) of

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<sup>74</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17987, para. 905 ("Carriers recovering eligible recovery will be required to certify annually that they are entitled to receive the recovery they are claiming and that they are complying with all rules pertaining to such recovery."); *see also id.* at 17964-65, para. 862 & n.1664 (explaining that incumbent LECs receiving Eligible Recovery must certify as part of their tariff filings, to both the Commission and any state commission exercising jurisdiction over the incumbent LEC's intrastate costs, that they are not seeking duplicative recovery in the state jurisdiction for any Eligible Recovery subject to the recovery mechanism).

<sup>75</sup> Pub. L. No. 104-13; *see* 44 U.S.C. § 3507.

<sup>76</sup> *See* OMB, Notice of OMB Action, OMB Control No. 3060-0400 (dated July 28, 2020), [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202005-3060-013](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202005-3060-013). In the submission to OMB made pursuant to the PRA to revise the existing TRP approval, the Commission noted that it "updates the price cap and rate-of-return TRP every year to eliminate respondents' requirements to file cost and demand data that may be more than two years old and to bring the TRP data into conformance with current Commission policies." FCC, OMB Control No. 3060-0400, Supporting Statement at 3 (dated June 2020), [https://www.reginfo.gov/public/do/PRAViewDocument?ref\\_nbr=202005-3060-013](https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202005-3060-013); 44 U.S.C. § 3507.

<sup>77</sup> Pub. L. No. 107-198; *see* 44 U.S.C. § 3506(c)(4).

the Commission's rules, 47 CFR §§ 51.907(i)(2)(i)-(ii), 51.909(m)(2)(i)-(ii), ARE WAIVED to the extent specified herein.

FEDERAL COMMUNICATIONS COMMISSION

Gil M. Strobel  
Chief, Pricing Policy Division  
Wireline Competition Bureau

**APPENDIX**

**Tariff Review Plans**

<https://www.fcc.gov/2021-tariff-review-plans>